

BUDGET 2025

**ON THE AI & UPSKILLING, MANUFACTURING
& CONSTRUCTION SECTORS, AGRICULTURE,
SUSTAINABLE MOBILITY & ELECTRIC VEHICLES**

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The Union Budget 2025 was subject to several watershed announcements, as Minister of Finance, Nirmala Sitharaman, delivered a keynote speech at the Parliament on February 1. The core focus of the budget was directed at extending critical support to 4 core areas — Agriculture, MSME, Investments and Exports, favourably impacting a holistic growth roadmap through meaningful announcements. The Union Budget prioritised making essential announcements and reforms in agriculture, Artificial Intelligence (AI), upskilling, manufacturing and sustainable development, providing a progressive perspective on the GOI's strategic blueprint for the upcoming financial year. Furthermore, the announcements and

reforms also marked a watershed moment for India's comprehensive emphasis on sectoral growth, and corporates welcomed the approach with both hands.

While the Union Budget 2025's comprehensive focus emphasised supporting the growth of Indian MSMEs, larger industry stakeholders from diverse sectors immensely benefited from key announcements. For instance, announcements on AI, upskilling, employment generation, manufacturing, logistics, agriculture and the National Manufacturing Mission provided a clear blueprint for the GOI's strategy to drive scalability and growth, positioning the country in a unique spot to sustain its growth potential for the upcoming fiscal year.



ARTIFICIAL INTELLIGENCE (AI)

1. Centre of Excellence in AI for Education:

- **Focus:** This flagship initiative, with a substantial outlay of ₹500 crore, aims to integrate AI into the education system.
- **Objectives:**
 - Promote research and development in AI-driven learning solutions.
 - Develop AI-based educational tools and platforms.
 - Foster collaboration between academia and industry in the field of AI education.
 - Equip educators with the skills and knowledge to effectively utilize AI in the classroom.
- **Potential Impact:**
 - Revolutionize teaching and learning methodologies.
 - Personalize education to cater to individual student needs.
 - Enhance learning outcomes and improve student engagement.

- Position India as a global leader in AI-driven education.

2. AI for Drug Discovery:

- **Focus:** The budget emphasizes the use of AI in drug discovery, with increased investments in this area.
- **Objectives:**
 - Accelerate the process of drug discovery and development.
 - Utilize AI to identify potential drug candidates and analyze complex biological data.
 - Reduce the time and cost associated with bringing new drugs to market.
- **Potential Impact:**
 - Lead to the development of new and more effective treatments for various diseases.
 - Improve healthcare outcomes and enhance the quality of life.
 - Make India a hub for pharmaceutical research and innovation.



3. Deep Tech Fund of Funds:

- **Focus:** The government plans to establish a Deep Tech Fund of Funds to boost innovation in AI and other deep technologies.
- **Objectives:**
 - Provide funding to startups and research initiatives working in AI and related fields.
 - Encourage the development of cutting-edge technologies.
 - Promote the growth of a vibrant deep tech ecosystem in India.
- **Potential Impact:**
 - Fuel innovation and entrepreneurship in the deep tech sector.
 - Create new job opportunities and drive economic growth.
 - Position India as a global leader in deep tech innovation.



➤ **Potential Impact:**

- Bridge the skills gap and address the growing demand for skilled professionals.
- Enhance employability and improve career prospects for individuals.
- Support the growth of key industries and drive economic development.

UPSKILLING

1. National Centres of Excellence for Skilling:

- **Focus:** The budget proposes the establishment of five National Centres of Excellence for Skilling.
- **Objectives:**
 - Provide industry-relevant training and upskilling programs.
 - Equip individuals with the skills needed to thrive in a rapidly evolving job market.
 - Focus on areas such as AI, data science, cybersecurity, and other emerging technologies.

2. Digital Learning in Schools:

- **Focus:** The government aims to integrate digital learning in government secondary schools and provide broadband connections to facilitate this.
- **Objectives:**
 - Provide students with access to modern educational resources and technology.
 - Enhance the quality of education and improve

learning outcomes.

- Prepare students for a digital future and equip them with the skills needed to succeed in the 21st century.
- **Potential Impact:**
 - Improve digital literacy and bridge the digital divide.
 - Make education more accessible and engaging for students.
 - Create a more equitable and inclusive education system.

3. Support for "Make in India" and "Make for the World" Initiatives:

- **Focus:** The upskilling initiatives are designed to support the "Make in India" and "Make for the World"

initiatives.

- **Objectives:**
 - Equip individuals with the skills needed to boost domestic manufacturing.
 - Make India a global manufacturing hub.
 - Promote exports and enhance India's competitiveness in the global market.
- **Potential Impact:**
 - Boost economic growth and create new job opportunities.
 - Enhance India's manufacturing capabilities and reduce dependence on imports.
 - Strengthen India's position in the global economy.



MANUFACTURING & CONSTRUCTION

As Finance Minister Nirmala Sitharaman announced the National Manufacturing Mission to provide policy support for diverse industries, it highlighted the Government of India's favourable outlook for domestic development and bid to position India as a global manufacturing hotspot. Speaking on the same,

The Indian Union Budget 2025-26 places significant emphasis on boosting the manufacturing and construction sectors, recognizing their crucial role in driving economic growth and generating employment. Here's a detailed look at the key initiatives:

Manufacturing:

- ▶ National Manufacturing Mission: This new mission is a cornerstone of the budget's manufacturing focus. It aims to provide comprehensive policy support to a wide range of industries, with the goal of increasing manufacturing's share in India's GDP from the current 17% to 25%. This ambitious target underscores the government's commitment to making India a global manufacturing powerhouse. The mission will likely involve measures such as:
 - ▶ Simplifying regulations and reducing compliance burden for manufacturers.
 - ▶ Providing incentives for domestic manufacturing and attracting foreign investment.
 - ▶ Promoting research and development in key manufacturing sectors.
 - ▶ Developing industrial infrastructure and improving connectivity.
 - ▶ Supporting MSMEs (Micro, Small, and Medium Enterprises) in the manufacturing sector.
- ▶ Clean Tech Manufacturing: Within the National Manufacturing Mission, a special focus is on promoting clean technology manufacturing. This includes developing an ecosystem for the production of solar PV cells, EV batteries, wind turbines, electrolysis systems, and grid-scale batteries. This initiative aligns with India's commitment to sustainable development and aims to make the country a leader in clean energy technologies.
- ▶ Support for Specific Industries: The budget also includes specific measures to support certain manufacturing industries, such as:
 - ▶ Toys: Building on the National Action Plan for Toys, the government will implement a scheme to

make India a global hub for toy manufacturing. This will involve developing clusters, skills, and a manufacturing ecosystem for high-quality, innovative, and sustainable toys.

- ▶ Electronics: The budget aims to support the domestic electronics equipment industry to capitalize on Industry 4.0 technologies. This will likely involve measures to promote local manufacturing of electronic components and attract investments in the sector.
- ▶ Textiles: The government is focused on increasing the income of farmers and ensuring a steady supply of quality cotton for the textile sector. This will likely involve measures to support cotton production and improve the textile value chain.
- ▶ MSME Support: The budget recognizes the crucial role of MSMEs in the manufacturing sector. Several measures are proposed to support MSMEs, including:
 - ▶ Enhancing the Credit Guarantee Scheme to increase credit availability for MSMEs.
 - ▶ Promoting technology upgrades and modernization of MSME units.
 - ▶ Simplifying regulations and improving ease of doing business for MSMEs.
 - ▶ Providing support for MSMEs to participate in global value chains.

Construction:

- ▶ Infrastructure Investment: The budget allocates a significant ₹11 lakh crore for capital expenditure, with a substantial portion earmarked for infrastructure

development. This includes continued investments in roads, highways, railways, and logistics networks. These investments will not only boost the construction sector but also improve connectivity and facilitate economic growth.

- **Urban Development:** The budget proposes the establishment of an Urban Challenge Fund worth ₹1 lakh crore to redevelop cities. This fund will support urban infrastructure projects, including water supply, sanitation, and waste management. This initiative will create significant opportunities for the construction and building materials industry.
- **Affordable Housing:** The government continues to emphasize affordable housing, with initiatives such as the Pradhan Mantri Awas Yojana. This will further drive demand for construction and related industries.

SUSTAINABLE MOBILITY & ELECTRIC VEHICLES

The Indian Union Budget 2025-26 demonstrates a strong commitment to promoting sustainable mobility and accelerating the adoption of electric vehicles (EVs). Recognizing the crucial role of EVs in reducing pollution and achieving India's climate goals, the budget includes several key initiatives to bolster the EV ecosystem.

Key Initiatives:

- **Customs Duty Exemptions:** The budget brings significant relief to EV manufacturers by introducing customs duty exemptions on key components and raw materials. This includes:
 - **Exemption from Basic Customs Duty (BCD)** on lithium-ion battery scrap and critical minerals like cobalt powder, lead, zinc, and others. This will reduce the cost of battery production and make EVs more affordable.
 - **Inclusion of 35 more capital goods** used in EV battery production in the list of exempted items. This will further incentivize domestic manufacturing and reduce import dependence.
- **National Manufacturing Mission:** The budget proposes the launch of a National Manufacturing Mission with a focus on clean technology. This mission will support the development of a robust domestic manufacturing ecosystem for EVs, including batteries, motors, and controllers. This will not only boost local production but also create jobs and enhance India's competitiveness in the global EV market.
- **Support for Battery Manufacturing:** The budget recognizes the importance of battery technology in the EV revolution. The customs duty exemptions on battery components and the focus on clean tech manufacturing will encourage investments in battery production and help establish India as a global hub for EV battery manufacturing.
- **Focus on Localizing EV Manufacturing:**



The budget emphasizes the need for localizing EV manufacturing and ensuring raw material security for battery production. This will reduce India's dependence on imports and make the EV industry more resilient.

- PM E-Drive Scheme: The budget continues to support the PM E-Drive scheme, which aims to promote the adoption of electric vehicles through various incentives and initiatives. This scheme, along with other measures in the budget, will help accelerate the transition to electric mobility in India.

Potential Impact:

The measures announced in the budget are expected to have a significant positive impact on the sustainable mobility and EV sector:

- Reduced EV Costs: The customs duty exemptions on key components and raw materials will make EVs more

affordable for consumers, driving faster adoption.

- Boost to Domestic Manufacturing: The National Manufacturing Mission and other initiatives will encourage investments in domestic EV manufacturing, creating jobs and reducing import dependence.
- Development of a Robust EV Ecosystem: The focus on battery manufacturing, charging infrastructure, and other related areas will help create a comprehensive EV ecosystem in India.
- Faster Adoption of EVs: The combined effect of these measures will accelerate the adoption of EVs in India, contributing to reduced pollution and a cleaner environment.
- Global Competitiveness: The budget's focus on localizing EV manufacturing and developing clean technologies will enhance India's competitiveness in the global EV market.